



Environmental Services Division

For Immediate Release

December 17, 2008

DNR Contact: Jessica Zopf (515) 868-1325 or Jessica.Zopf@dnr.iowa.gov

FUEL PRICES LEVELING OFF

DES MOINES— Fuel prices have declined further in the last month, but markets are showing signs that prices may be leveling off. “Prices can only go so low. Production cuts that have been made in response to low prices will eventually tighten the supply and demand equation and drive prices up,” said Tommi Makila, Iowa Department of Natural Resources (DNR) Energy Policy Analyst. “I suspect current low prices are a temporary aberration. When the global economy recovers, we will surely see higher prices. We should not forget the lessons we learned when gasoline was four dollars per gallon.”

Motor Fuels

The Dec. 16th average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$1.60 per gallon, which is 43 percent lower than the December 2007 price of \$2.82 per gallon of the same blend. The Dec. 16th average price for diesel in Iowa was \$2.44 per gallon, which is 27 percent lower than the December 2007 price of \$3.34. For Iowa Metro averages, visit: <http://www.energy.iowa.gov>.

Self-Serve	12/16/08	11/17/08	Difference
Regular Unleaded with 10% Ethanol	\$1.60	\$1.89	-\$0.29
Regular Unleaded	\$1.65	\$1.95	-\$0.30
Premium Unleaded	\$1.75	\$2.06	-\$0.31
Diesel	\$2.44	\$2.80	-\$0.36
Source: Oil Price Information Service, www.opisnet.com			

Crude Oil

On December 16th, a barrel of West Texas Cushing Sweet Crude Oil settled at \$43.60. The price is a 25 percent decrease over November’s price of \$58.24 and 52 percent lower than the December 2007 price of \$90.50.

Heating Fuels

“We have had a cold start for the winter, but lower heating fuel prices should soften the impact on consumers,” Makila said. According to the U.S. census estimate, 67 percent of Iowa households use natural gas to heat their homes. 15 percent use electricity, 14 percent propane, 1.5 percent wood, and 1.4 percent fuel oil.

Heating Fuel Type	12/15/08	11/14/08	Difference
Natural Gas*	5.76/MMbtu	6.31/MMbtu	-\$0.55/MMbtu
Propane**	\$1.78	\$1.87	-\$0.09
#2 Heating Oil***	\$1.97	\$2.46	-\$0.49

On Dec. 15, natural gas was trading at \$5.76/MMBtu, which is \$1.46 lower than one year ago, a 20 percent decrease. The U.S. Department of Energy, Energy Information Administration reports that working natural gas in storage as of Dec. 5, 2008 was 3,291 billion cubic feet (Bcf), 110 Bcf above the 5-year average (2003-2007), and 45 Bcf below the level during the corresponding week last year.

A survey completed by the DNR on Dec. 15, 2008, indicated that the average retail price of propane in Iowa was \$1.78, which is \$0.14 lower than the price of propane at this time last year. The same survey found that heating oil is selling in Iowa for an average of \$1.97 per gallon across the state, which is \$1.03 lower than the price in December of last year, a 34 percent decrease.

For gasoline prices in different Iowa cities and other fuel price information, visit:
<http://www.energy.iowa.gov>